

PRINCE EDWARD ISLAND

Budget Address



Presented by
The Honourable Allen F. Roach
Minister of Finance
and Chair of Treasury Board

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of Prince Edward Island

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The full texts of the Budget Address, Estimates of Revenue and Expenditure and supporting schedules for 2016-2017 and previous years are available on the Province of Prince Edward Island's website:

<http://www.gov.pe.ca/budget>

PRINCE EDWARD ISLAND 2016 BUDGET

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THE BUDGET ADDRESS

Introduction

Mister Speaker, I am honoured to present and table the 2016-2017 Operating Budget for the Government of Prince Edward Island.

Our budget plan is consistent with our pledge to grow the economy, spend public dollars wisely and provide enhanced opportunities for future generations of Islanders.

Notre plan budgétaire est conforme à notre engagement de stimuler l'économie, de dépenser les deniers publics de façon judicieuse et d'offrir davantage d'occasions intéressantes aux générations futures d'Insulaires.

Over the last ten months, we have worked together across Prince Edward Island and across our Government to increase opportunities for engagement and prosperity for all Islanders. Today is one more step forward in that process.

The budget we present today will focus on growing the provincial economy and providing critical services, while respecting our commitment to spend public dollars in a prudent and responsible way. Islanders have spoken about their priorities, our Government has listened, and we have set a course to build sustained prosperity. Against the backdrop of a slow economy – both at home and abroad – we have made some difficult choices.

“The budget we present today will focus on growing the provincial economy and providing critical services, while respecting our commitment to spend public dollars in a prudent and responsible way.”

Prince Edward Island

Our fiscal plan for the upcoming year will make necessary investments in core service areas – healthcare, education and social programming – while, at the same time, positioning Prince Edward Island for long-term and sustainable economic growth.

As our Premier is fond of saying, the people of Prince Edward Island are its greatest asset. And in this budget, they are our primary focus. A budget cannot, however, just tackle the priorities of today. It must also lay a solid foundation for the future. The investments and decisions we make in this budget will be guided not by what is best for our Government, but rather by what is in the best interests of our Province and its people.

Identified Priorities and Careful Decisions

Mister Speaker, Islanders have much to be proud of. In 2015, our Province was an economic leader. For the second year in a row, we led Canada in export growth. Prince Edward Island was also the national leader in wage growth. Our total labour income exceeded \$3.1 billion – an historic high. And closer to home, we led the Atlantic provinces in population growth. These are successes to be celebrated, as they underscore the potential that exists in this Province.

At the same time, we must remain mindful of the continued volatility in the global economy. Vast fluctuations in the pricing of resources and other market conditions have placed pressure on government and private industry alike. These pressures, in turn, have impacted both personal and public finances. We, as Islanders and as a Government, are not isolated from these economic realities.

One of the most important tasks of our Government must be to support and encourage growth. Our social and economic prosperity depends upon a strong Island economy.

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"... we must remain mindful of the continued volatility in the global economy."

And while the challenges may be greater for us against the weight of slower economic growth both nationally and internationally, our Province will confront these challenges in this budget and build a solid foundation for the future of all Islanders.

This year, we are projecting modest growth in our economy of 1.2 percent based on private sector estimates. That is a significant downward revision from 2015. And while our forecasting does show a modest improvement in growth through to 2017, with real GDP advancing by 1.4 percent in 2016 and by 1.4 percent in 2017, this is not the growth we expected when our budget was presented in June 2015. As a result, we have had to find new revenue to make the investments that Islanders have been asking for in core public services.

Mister Speaker, true engagement means listening to different viewpoints, adjusting to realities, and re-examining objectives. With the change in growth projections, we have had to change our fiscal plan.

Our overall plan projects that a balanced budget is achievable. Allowing for increased and sustained spending in critical public services, the budget projects a deficit of \$9.6 million this fiscal year with a surplus of \$9.2 million next year.

But Islanders have told us that a balanced budget should not come at the expense of essential public services, such as healthcare and education. More investments are necessary to sustain these critical services. And it is for these reasons that we have decided to increase our Harmonized Sales Tax by one percent, effective October 1, 2016.

"This year, we are projecting modest growth in our economy of 1.2 percent based on private sector estimates."

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Prince Edward Island

This change will result in additional revenue of \$11 million in 2016-2017 and \$22 million in 2017-2018. These revenues will go directly to the areas that are most important to Islanders, their current security, and our future prosperity:

- an additional \$18.2 million to ensure sustained health and wellness;
- an additional \$7.1 million to improve education and invest in youth and prosperity;
- an additional \$2.6 million to support those most in need; and
- an additional \$7.1 million to help grow employment and our economy.

Our Government is doing its part to spend public funds carefully. We have embraced prudence and fiscal responsibility in our own operations, and will continue to find savings, where possible. While investing in critical front-line services, we will continue on the path of smarter and more cost-efficient public administration. This will include reviewing future benefit arrangements in the public sector, including the existing service gratuity, and following through on our commitment to bring forward proposals to reduce the transitional allowances for MLAs. Islanders expect government to lead by example and rightly so.

We will also work with our new Federal Government to ensure that Island families and communities have the supports they need, and that we collaborate in ways that spark economic growth in our region. Transfers from the Federal Government to support provincial public services and infrastructure comprise 38.5 percent of our total revenues this year. It is our single largest revenue source at \$658 million.

In the coming year, Mister Speaker, we will continue the important work of ensuring that our expenditures are focused on the priorities identified by Islanders and that our investments are aimed at growing the economy.

“While investing in critical front-line services, we will continue on the path of smarter and more cost-efficient public administration.”

While our Government remains committed to the goal of a structural balance of our annual revenues and expenditures, current economic conditions tell us that this is better achieved over the next two years.

General Economic Conditions

Mister Speaker, economic growth in 2015 was slower than anticipated, and Prince Edward Island was not alone in recording lower economic growth than originally forecast. This persistent trend is visible both nationally and internationally. As a result, growth projections for this year are modest, with some improvement forecast in the next two years.

The principal challenges in 2015 were around the working-age population and employment. Prince Edward Island's core-aged working population continued to shrink, down 2.2 percent from the peak recorded in 2012. Overall employment declined for the second year in a row, down 1.1 percent from 2014. The labour force contracted by 1.3 percent, and the participation rate fell by 1.1 percentage points. As a consequence, the unemployment rate decreased 0.2 percentage points to 10.4 percent.

Continued investment in our people and productive assets will be required to achieve sustainable growth going forward.

There were also successes in 2015, notably in trade and exports, with a positive result on wage levels. The value of manufacturing shipments increased 1.5 percent, continuing a trend in growth going back to 2011, and a new all-time high. The value of international exports increased 15.4 percent, the fastest growth among provinces. Retail and wholesale trade advanced 2.5 and 6.5 percent respectively.

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Prince Edward Island

Growth in average weekly wages, at 3.5 percent, was the fastest in the country, while the growth in total compensation was 3.6 percent compared to 2.6 percent nationally. And Islanders achieved a \$100 million increase to their earnings in 2015.

In 2016, we expect continued strength from our manufacturing and export industries to support growth. Strong wage growth will be necessary to close the gap between Island wages and those in other parts of the country.

Our population continued to grow in 2015, increasing by 0.2 percent, the fastest growth in the Atlantic region. This small increase in population does not, however, illustrate the large number of people moving into and out of our Province. 1,336 international immigrants and 2,202 inter-provincial migrants came to Prince Edward Island in 2015. But 3,445 people left for other parts of Canada.

Repatriation and retention are critical to future growth. Our Government is focused and committed to growing the Island population to 150,000 as early as the end of 2017. By doing so, we will ensure that our growing population will continue to support domestic demand in our Island economy for years to come.

2015-2016 Forecast

Mister Speaker, the 2015-2016 fiscal year-end forecast is reflecting a deficit of \$27.7 million compared to the budgeted deficit of \$19.9 million.

The primary reasons for the \$7.8 million dollar increase to the deficit are:

- an increase of \$6.4 million for health expenditures as a result of higher costs for in-province doctors and out-of-province hospital services;

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- an increase of \$1.5 million for education as a result of maintaining the number of front-line teachers at previous levels;
- an increase of \$1.5 million for rising expenditures associated with disability supports and community facilities; and
- an increase of \$5.2 million for future benefit costs resulting from updated actuarial valuations.

While these increases were mitigated by \$6.8 million in savings from the other government expenditures and a surplus in the Agriculture Insurance Corporation, the revenue from personal income taxes and sales taxes also did not meet expectations.

These amounts were offset by a modest increase in corporate income tax revenue, but the forecast for 2015-2016 makes it clear that the Island economy was not immune to the economic challenges being faced nationally and internationally.

Health and Wellness

Healthcare services for Islanders represent the most significant expenditure for Government.

And, Mister Speaker, the delivery of these services has never been more important or more challenging. Our population is aging. We are facing more complex health issues, additional competition for human talent, and ever-increasing delivery expenses. There is constant pressure on our collective resources.

It will not be surprising to Islanders that our priority spending will continue to be in healthcare. We will increase Health PEI expenditures by 3.1 percent over last year's budget. This will bring total healthcare expenditures to almost \$605 million, or 35 percent of total Government spending.

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Prince Edward Island

In 2015, Islanders experienced some of the shortest wait times in Canada for certain health services. Our wait times for knee replacements were the second best in the country, according to a report by the Canadian Institute for Health Information. Wait times for hip replacement and cataract surgery were third and fourth best, respectively, in Canada.

This budget will maintain front-line services while making targeted and strategic investments aimed at improving health care delivery for Islanders.

The Dialysis Program at the Queen Elizabeth Hospital will be enhanced with a \$1.8 million capital addition to the facility, including annual funding of over \$1 million to operate the new programs. The expanded service will provide local access to specialized dialysis and post-kidney transplant care for patients suffering from kidney disease.

Our Government will also invest \$187,000 in the Seniors Mental Health Resource Team to ensure that the program is accessible Island-wide.

We will expand on the success of the Enhanced Home Care for Frail Seniors Program, initially piloted in Queens County, by providing more social work positions in Prince and Kings counties, improving access for frail seniors.

In partnership with community organizations, our Government will invest \$162,000 in the Cardio Pulmonary Rehabilitation Program to provide chronic disease management following acute medical events, such as heart attacks.

We will provide funding for additional nurses to increase access to primary care services and improve the quality of life of patients suffering from chronic diseases.

"This budget will maintain front-line services while making targeted and strategic investments aimed at improving health care delivery for Islanders."

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Our Government will also continue to focus on meeting the needs of older Islanders. An additional Nurse Practitioner will be hired for the Home Care and Geriatric Program, which will increase the number of Nurse Practitioners working in the public health system to fifteen. Our goal is to eventually have twenty Nurse Practitioners working in the system.

The Youth Mental Health Day Treatment Program, which recently started, will receive an additional \$366,200 to annualize the funding for programming to young people, between 13 and 18 years of age.

Funding will also increase for the Generic Drug Program, which allows those Islanders without drug coverage to access essential medications at significantly lower costs. The cost of prescriptions is capped at \$19.95 and 12,000 Islanders are now registered for the Program.

This budget will annualize funding for the Kings County Ground Ambulance, which was added this year to improve emergency response times.

Finally, Mister Speaker, funding will be provided to support the implementation of Community Health Advisory Councils, which will add critical components to the public consultation and engagement processes at Health PEI.

Investing in Education and Our Youth

Mister Speaker, our Government will remain focused on a renewed approach to education – an essential ingredient in the long-term growth of Prince Edward Island and the prosperity of our people.

“This budget will annualize funding for the Kings County Ground Ambulance, which was added this year to improve emergency response times.”

Expenditures in this budget for the education of our children in the Early Years and K-12 school system will increase by three percent to \$243 million in the coming year.

These expenditures will support our new, learner-focused approach to education and be bolstered by the additional savings resulting from our streamlining of existing administrative processes.

The integration of English Language School Board functions into the department has reduced duplication of administrative functions, and the savings from the reduction of 32 positions were re-deployed to sustain front-line education.

This budget provides sufficient resources to maintain our current complement of classroom teachers, educational assistants and youth service workers, including the eight educational assistants recently added for students with special needs.

Access to post-secondary education is also vital to the future of our youth and the development of a skilled, productive workforce.

Earlier this year, Mister Speaker, our Government announced a number of measures to enhance access to post-secondary education, including increases in the weekly loan amounts, indexing for inflation, plans to extend the grace periods before repayment, and a Student Loan Rehabilitation Program to help struggling graduates bring their loans back into good standing.

And we will continue to make post-secondary education more affordable to Island students through the continued support of the George Coles Bursary and Graduate Scholarship.

Education is at the heart of our economic, social and community life in Prince Edward Island. Our Government is proud of the contributions being made daily by our institutions of advanced learning and training.

"Expenditures in this budget for the education of our children in the Early Years and K-12 school system will increase by three percent to \$243 million in the coming year."

We will provide a one percent increase in the operating grants for UPEI, Holland College, and Collège Acadie.

We will also increase support of the Jobs-for-Youth Program offered by the Employment Development Agency, as well as support for the Post Secondary Program and Career Prep Program delivered by Skills PEI. This will ensure that over 1,000 young Islanders will receive the necessary work experience to successfully transition into our labour force.

In our core sectors of farming, fishing, food processing and tourism, Mr. Speaker, our Government will advance opportunities for young Islanders through existing and new programs, including the successful Future Farmer and Future Fisher initiatives.

160 new farmers have completed the Future Farmer Program and 161 Future Fishers have started in the lobster fishery.

We will build opportunities for our young people to develop their own businesses and social enterprises. Our Government will provide \$108,000 in funding for Junior Achievement, Student Biz, Young Millionaires, and other youth entrepreneurship programs.

Protecting Those In Need

Mister Speaker, a cornerstone of public governance is how all segments of the population fare, including those most in need of our support.

Our Government is committed to finding and implementing the most effective ways to support Islanders in need and extend to them the security and dignity that they deserve while encouraging their ability to achieve success through education, training and employment.

"We will provide a one percent increase in the operating grants for UPEI, Holland College, and Collège Acadie."

"...over 1,000 young Islanders will receive the necessary work experience to successfully transition into our labour force."

Expenditures for Family and Human Services will increase by 2.8 percent over last year's budget to reflect increased demand and better supports for those who need it most.

We are also greatly encouraged by a number of measures in the recent Federal Budget to improve financial supports for families and seniors. The new Canada Child Benefit will bring an estimated \$21 million to Island families with children starting later this year, and this will rise to \$25 million next fiscal year. An estimated 4,250 Island seniors will benefit from the \$3.2 million increase in Guaranteed Income Supplement payments.

In 2015, food allowance rates increased by approximately \$800,000. Further investments will be made in 2016-2017 to support low-income Islanders. These increases are part of a five-year commitment to invest \$2.8 million to increase food allowance rates for social assistance recipients.

Government will invest an additional \$355,000 in rent supplements in 2016, bringing the total to 182 households across the Province.

This budget will annualize the funding added this past year for the 65 foster parents providing care for our children, as well as, annualize the funding for room, board, and clothing rates for 225 children-in-care.

Our Government is also participating in a new, evidence-based, collaborative problem-solving approach that draws on the combined expertise of service providers to address complex human and social problems before they become policing issues.

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We will invest in training related to domestic violence and child abuse, as recommended in a recent Coroner's Inquest. Our Department of Justice and Public Safety is implementing initiatives to provide supervised access and exchange, to assist children of high-conflict parents, to provide parenting coordination services, as well as, adding a Children's Lawyer Program.

Over the past year, our Government also added \$400,000 to the Seniors Home Repair Program, the Seniors Safe at Home Program, and the PEI Home Renovation Program. The total investment in these programs is \$2 million, which allows us to assist 600 low-income households.

Growing Our Economy and Our Workforce

Mister Speaker, a top-priority of our Government is to help grow the economy so that more Islanders can prosper here at home. Sustained economic growth relies upon our ability to increase our population, expand our skills, and grow our workforce. That will require a steadfast commitment to recruitment and retention in all sectors.

With this in mind, we are investing in a comprehensive long-term strategy to repatriate, recruit and retain a skilled and talented workforce in Prince Edward Island.

Immigration

Retaining immigrants to Prince Edward Island remains a challenge. This budget will commit \$100,000 in additional settlement supports to integrate immigrants and refugees, both economically and socially, so that they can better succeed on our Island.

"We will invest in training related to domestic violence and child abuse, as recommended in a recent Coroner's Inquest."

"Sustained economic growth relies upon our ability to increase our population, expand our skills, and grow our workforce."

Prince Edward Island

This budget sets aside \$46,000 to establish a PEI Connectors office in Summerside. In partnership with the City, this office will assist our new Islanders to establish their businesses – and their families – in western Prince Edward Island. Funding has also been allocated to create Newcomer Entrepreneur Officers, who will help newcomers create Island businesses.

Under the Start Up Visa Program, which is a federal immigration initiative aimed at entrepreneurship, more than 40 applications have been received from entrepreneurs all over the world. These individuals are interested in expanding their businesses to Prince Edward Island. This budget includes \$277,500 in funding to support this initiative and capitalize on this interest in Prince Edward Island.

By retaining and repatriating Islanders, as well as continuing to attract and settle new immigrants, we will enhance our economic prosperity by working together.

Exports

Mister Speaker, the gap between what we import and what we export – the provincial trade deficit – must be reduced. Prince Edward Island not only needs to produce more goods, we need to get them to market. To square up to this challenge, we have introduced a number of initiatives targeted at developing new business and increasing Island exports.

Sales PEI was introduced to identify new opportunities and develop new relationships for the local business community and build on the success stories of high-quality PEI goods and services.

In addition to trade missions to increase sales and supports for Island exporters, Sales PEI has launched “Grow Export” – a training series that brings exporting professionals together with companies in Prince Edward Island.

“This budget sets aside \$46,000 to establish a PEI Connectors office in Summerside.”

“Prince Edward Island not only needs to produce more goods, we need to get them to market.”

Fourteen companies are currently participating in this Program and, in this budget, \$50,000 has been directed to this program, so that twenty-eight more businesses can take advantage of opportunities abroad.

Prince Edward Island may be small, but our food products remain among the best in the world. Food exports represent 60 percent of all Island exports. The Food Island Partnership, established in 2015 as an initiative led by the private sector, has focused on growing exports and increasing culinary tourism. The Department of Economic Development and Tourism, through Sales PEI and the Department of Agriculture and Fisheries, will set aside \$367,000 to continue leading-edge work by the Food Island Partnership and their partners, including the PEI Shellfish Festival, Fall Flavours, the Culinary Trail and Burger Love.

Mister Speaker, our trade balance has been improving since 2011. We have a strong base, but we need to continue to increase our total exports and pursue new business opportunities so that more Island products get to markets.

Entrepreneurship

Prince Edward Island has a long and proud history of enterprise and entrepreneurship, Mister Speaker.

Entrepreneurs drive economic growth and employment. Innovation PEI continues to work with the Island Advance Task Force to promote and support entrepreneurship in Prince Edward Island.

In this budget, we will invest \$80,000 in this effort to bring together businesses, labour organizations, government agencies, post-secondary institutions, and local communities to promote and enhance this spirit of entrepreneurship.

"The Department of Economic Development and Tourism...will set aside \$367,000 to continue leading-edge work by the Food Island Partnership..."

Prince Edward Island

Entrepreneurship thrives on local support and like-minded entrepreneurs. To this end, \$260,000 has been allocated for the creation of the Start-Up Zone – a place where new entrepreneurs can find their business legs and be supported by Island business owners who have experience and insights to share.

Propel ICT – an education and mentorship program for entrepreneurs in Nova Scotia and New Brunswick – has recently expanded to Prince Edward Island. Led by the private sector, its Launch Program guides entrepreneurs through the early stages of validating, developing, and launching a startup company. Through a competitive process, six Island companies were chosen for this exciting six-week program. And in this budget, \$50,000 has been set aside to support this new initiative.

The Ignition Program provides \$25,000 in startup funding to local entrepreneurs. In 2015, ten businesses were selected from more than 100 competing applications. \$250,000 has been set aside in this budget to continue this successful program.

Entrepreneurs have ideas, but they require access to capital in order to test and develop those ideas for market. In addition to our existing lending supports through Finance PEI, we have budgeted \$100,000 for a new micro-loan program for entrepreneurs - loans of up to \$15,000 are available to help with business start-up costs.

Tourism

Tourism is responsible for six percent of provincial GDP, Mister Speaker, and the industry provides over 7,700 full-time equivalent jobs for Islanders. In 2014, visitation to the Island increased 2.7 percent. That momentum was compounded by a further increase of 5.5 percent in 2015.

“...\$260,000 has been allocated for the creation of the Start-Up Zone...”

“In 2014, visitation to the Island increased 2.7 percent. That momentum was compounded by a further increase of 5.5 percent in 2015.”

Tourism PEI, together with ACOA and the Tourism Industry Association of PEI, are developing a new five-year strategy to take tourism even higher than the record levels reached in 2014 and 2015. In this budget, \$50,000 has been set aside to support the development of the strategy.

With the cautious signs of optimism in the American economy and the relative strength of the American dollar, our Government will contribute toward a national program called "Connect America." Destination Canada, in partnership with the provinces, territories and the tourism industry is investing up to \$12 million to attract American visitors from cities such as Boston, New York, and Philadelphia to Canada and, ultimately, to Prince Edward Island.

We are also targeting a new demographic – the millennials. These young Canadians between the ages of 18 and 34 are travellers, and Destination Canada has created a new marketing program aimed at inspiring millennials to explore their own country first. Working with Bell Media and others, we hope to create excitement about exploring Canadian destinations like Prince Edward Island. \$220,000 over a two-year period has been budgeted for this initiative.

The award-winning marketing initiative "Ask an Islander," which was developed in 2015, will also be enhanced for the 2016 season. More ambassadors will be added and additional components will serve to make this successful program even better.

Encouraging Clean Growth

Prince Edward Island is particularly vulnerable to climate change and is already experiencing significant effects, including coastal erosion, flooding and severe weather events.

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Prince Edward Island

Mister Speaker, our Government is committed to playing its part in the regional, national and global discussions that are now transpiring around climate change. We will be contributing directly and participating fully in the national working groups convened as a result of February's First Ministers Meeting. Prince Edward Island will, with the Government of Canada, co-chair the Working Group on Adaptation and Climate Resilience.

The Department of Communities, Land and Environment will also require resources in order to protect the environment. This budget includes additional funding of \$70,000 for watershed groups – increasing the total watershed funding to over \$1 million. In addition, the Department continues to develop a new *Water Act* to ensure that our water resources are protected for future generations of Islanders.

The Prince Edward Island Energy Corporation is currently developing a new energy strategy to reduce our carbon footprint. It aims to identify initiatives to conserve energy and develop alternatives to our existing use of fossil fuels. While there will be challenges, our Government also sees new opportunities for green investment and economic growth.

Efficiency PEI will design and deliver programming to increase energy conservation. In the next year, approximately \$1 million in grants will be provided for significant energy reduction projects throughout Prince Edward Island.

Our Government will also continue investing in carbon-neutral Biomass installations. The Biomass Heating Initiative generates economic growth through local energy resources processed and consumed in Prince Edward Island. By the end of 2016, biomass heating plants in Government buildings will be replacing 2.6 million litres of fuel oil annually.

"This budget includes additional funding of \$70,000 for watershed groups – increasing the total watershed funding to over \$1 million."

"In the next year, approximately \$1 million in grants will be provided for significant energy reduction projects throughout Prince Edward Island."

Adjusting Tax Revenues

Mister Speaker, in order to maintain our core investments in healthcare and education, and to ensure that essential services continue to be delivered to all Islanders, measures must be taken to increase revenue. Experts agree that increasing consumption taxes like the HST are less harmful to economic growth than increasing income taxes for individuals. With that concern in mind, the provincial portion of the HST will increase by one percentage point, to raise the joint federal-provincial HST rate to 15 percent, effective October 1, 2016.

It should be noted that the HST does not tax certain necessities, such as rent, housing resales, basic groceries, or prescription drugs. In addition, this budget maintains the point-of-sale exemptions on home heating oil, children's footwear, children's clothing, and printed books.

This budget also contains three personal income tax measures to ensure tax fairness for Islanders, especially those living in low and modest income households.

1. The Basic Personal Amount will be increased to \$8,000 for the 2016 and subsequent taxation years. This is an increase from the current level of \$7,708. The spousal and eligible dependant amounts will also be increased. The measure will provide a tangible benefit to 84,000 Islanders and save them approximately \$2.4 million annually.
2. The Low Income Tax Reduction Program provides targeted personal income tax relief to low and modest income families and individuals. The basic, spousal, equivalent to spouse, and child amounts will all be increased by \$50 effective for the 2016 and subsequent years. This measure will provide relief to an estimated 11,000 Islanders – saving \$775,000 annually.

“...the provincial portion of the HST will increase by one percentage point, to raise the joint federal-provincial HST rate to 15 percent, effective October 1, 2016.”

“The measure will provide a tangible benefit to 84,000 Islanders and save them approximately \$2.4 million annually.”

3. The refundable Prince Edward Island Sales Tax Credit will be increased by 10 percent effective July 2016; the basic credit amount will be increased to \$110; the spouse, equivalent to spouse, and supplement amounts will be increased to \$55; and the maximum amount under the enhanced credit will be \$220. This measure will increase benefits by \$700,000 and assist some 50,000 Islanders.

In addition to these measures, our Government will also be eliminating the Real Property Transfer Tax to all first-time home buyers effective October 1, 2016. This measure will reduce provincial tax revenue by an estimated \$500,000 annually, but will assist those getting into the housing market for the first time.

Mister Speaker, over the course of the past ten months, our Government has provided tax relief to those who need it most, including our seniors, working single parents and low-income Islanders. As a result 2,300 Islanders are no longer required to pay Provincial Income Tax. In the coming year, we will continue to target tax relief to those most in need — reducing the number of taxpayers by an additional 700 Islanders. Taken together with the reductions announced this year, Islanders will save an estimated \$7.3 million over these two years.

We are undertaking a review of licenses, permits and fees, and small adjustments will bring Prince Edward Island closer to regional levels. These fees total \$68 million and the increases represent \$1 million in additional revenue.

When taken together, these measures — as well as our ongoing efforts to reduce public expenditures — will ensure that Islanders continue to enjoy the core services and programs that they need and deserve.

“...our Government will also be eliminating the Real Property Transfer Tax to all first-time home buyers effective October 1, 2016.”

“In the coming year, we will continue to target tax relief to those most in need — reducing the number of taxpayers by an additional 700 Islanders.”

Conclusion

Mister Speaker, this budget provides our fiscal direction for the next year and clearly sets out our long-term plan for growing the economy, spending public dollars wisely, and providing enhanced opportunities for future generations of Islanders.

We will ensure that Islanders have the services they need and value most by increasing our core investments in healthcare and education, while also protecting those in need. We will direct expenditures to strategic areas that are aimed at growing our economy and laying the foundation for future long-term prosperity in Prince Edward Island. And like the farmers and fishers who stand as stewards for generations beyond, our Government will maintain a responsible and steady hand on the public resources of Islanders as we move forward – together – toward balanced revenues and expenditures in Prince Edward Island.

The greatest asset of Prince Edward Island is our people. And with every one of us doing our part, we are confident that the initiatives introduced in this budget today will ensure sustained prosperity for all Islanders.

Thank you.